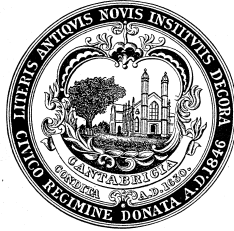


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CITY OF CAMBRIDGE

Office of the City Solicitor
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June 9, 2005

Mary L. Cottrell
Secretary
Department of Telecommunications and Energy
One South Station
Boston, Massachusetts 02110

Re: ***D.T.E. 05-45 - Petition of Cambridge Electric Light Company's Proposed Increase in its Transition Charge--Comments of The City of Cambridge***

Dear Secretary Cottrell

On behalf of the City of Cambridge ("City"), I am submitting comments urging the Department of Telecommunications and Energy ("Department") to reject the proposed increase in the transition charge filed by Cambridge Electric Light Company ("CELCO") in the above referenced proceeding.

The City strongly opposes the manner in which the Company proposes to recover the Transition Charge. As filed, CELCO proposes to increase its currently approved transition charge by 362.5% to avoid an undercollection currently estimated at \$22.2 million by the end of 2005. To avoid the undercollection, CELCO seeks approval of the 362.5% increase in its current transition charge which would "avoid a significant rate shock in 2006". *May 24, 2005 Letter of Robert Werlin on behalf of CELCO, p. 2.* CELCO appears, ironically, to be overlooking the rate shock their proposal would impose in 2005.

The proposed transition charge would have immediate and substantial impact on the City if implemented as requested on July 1, 2005. Many residential ratepayers are managing on fixed income with at best some cost of living increases. They are hardly in a position to predict, let alone absorb, a 362.5% increase in a portion of their utility bill.

Furthermore, based on the information supplied in the tariff filing, the City estimates the annual impact of the proposed charge on the City budget at approximately \$450,000 for the next fiscal year. An increase of this magnitude, coming as it does with no advance warning, creates a drastic budgetary problem for the City, which has already completed the complex process of adopting its Fiscal Year 2006 budget, as required by

municipal finance laws. This sudden, unplanned increase will affect the budget of many City departments including: the Police, Fire, Water, Public Works, Traffic, Electrical, Emergency Communications, Library, and School Departments. Given the legal requirements for municipal budgets to be fully funded by appropriations, the substantial, unplanned increases in these various City department budgets will cause serious budgetary problems. While the City recognizes and plans for reasonably predictable incremental cost increases, it does not routinely plan for 362.5% increases.

The City asks that the Department review the requested Transition Charge in the context of earlier precedents recognizing the importance of rate continuity. *See, e.g., Boston Gas Company d/b/a Keyspan Energy Delivery New England*, D.T.E. 03-40, p. 503. (2003) (Department limited increases between rate elements in a class as long as no rate increase component increases by more than the rate of inflation). The proposed increase dramatically exceeds the cost of inflation for a charge that has been monitored and adjusted on an annual basis.

The City submits that to the extent that CELCO is entitled to recover these costs, the Department should require CELCO to propose a more reasonable alternative that can prevent the dramatic increase proposed in this current petition. Whether by rate reduction bonds or spreading the collection of the deferred transition charges over a much longer term than the proposed eighteen months in CELCO's current proposal, there must be a way to avoid the rate shock to the City and its residents that would result from CELCO's proposed 362.5% increase.

Respectfully submitted,

Donald A. Drisdell
City Solicitor

cc. Robert W. Healy, City Manager